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Testimony Supporting Senate Bill No. 30

AN ACT IMPLEMENTING PROVISIONS OF THE BUDGET CONCERNING HUMAN SERVICES

Good morning, Senator Musto, Representative Tercyak and distinguished members of the Human Services Committee. Thank you for the opportunity to offer testimony on Senate Bill No. 30, An Act Implementing Provisions of the Budget Concerning Human Services.

The initiatives in this bill will result in net savings of $11.8 million in FY 13. For your reference, I have included an explanation of the various sections of the bill at the end of my testimony. For today, I would like to focus my remarks on medication administration and the important role it plays in rebalancing the state's long-term care system.

Under the Money Follows the Person (MFP) Demonstration, community care plan costs generally cannot exceed the individual's institutional costs. Because of the high cost of medication administration, proposed care plans to support transitions to the community often exceed the institutional costs – resulting in individuals remaining institutionalized. For the six month period ending December 2010, Connecticut accounted for 30% of the total cases nationally that did not result in transitions to the community because care plan costs exceeded the individual's institutional costs under MFP. While the cost of medication administration is not the only cost driver, it is one of the primary cost drivers and one of the primary barriers to community placement.

To put this in perspective, last fiscal year, DSS spent $128.3 million on medication administration for approximately 8,500 Medicaid clients at an average cost per visit of $54. The top 100 medication administration users had costs that averaged over $75,000 each, with expenditures totaling $7.6 million in FY 11. The top 10 medication administration users had costs that totaled $1.2 million.

Unfortunately, with the exception of staff that are self-directed or hired by waiver participants (e.g., personal care assistants under the PCA waiver), only nurses may administer medication in community settings. Home health aides may be part of the care team in an individual's home, but they are not permitted

to administer medication. The Governor's bill strengthens the state's rebalancing efforts by reducing the high cost of medication administration and aligning the state's medication administration policy with the principles of person-centered planning and consumer choice.

Specifically, section 14 of the bill expands nurse delegation for medication administration by requiring that home health care agencies have specially trained and qualified home health aides to administer oral and topical medications and eye drops. Home health aides will be required to obtain certification for the administration of medication in accordance with curriculum approved by the Department of Public Health. Nurses will still be required to administer injections as well as medications identified by the client's physician as needing to be administered by licensed providers. Nurses will also be responsible for organizing the medications for the home health aides and providing individualized instructions to the aides for the administration of the medications in the client's home. This process is similar to that used by the Department of Developmental Services. While the Medicaid program will realize savings due to reduced reliance on nurse administration of medications, funds are provided for training and other implementation costs.

Nurse delegation is one of the leading recommendations in long-term care rebalancing. Research conducted in states that support the delegation of medication found no evidence of adverse effects on consumers and no increase in medication errors. An in-depth study conducted in the State of Washington in 2001 found that that although all parties had concerns prior to implementation, there was (1) no adverse effects on consumers, (2) improvements in the quality of care, and (3) enhanced consumer choice. In 2006, the American Nurses Association and the National Council of State Boards of Nursing issued a joint declarative statement in support of nurse delegation of medication in the community. Many states have already moved in this direction – approximately half of the states allow for nurse delegation.

By providing less costly administration of medications through nurse delegation, more individuals will have the choice of transitioning to (or remaining in) the community. In addition, nurse delegation will strengthen the workforce by expanding the roles and responsibilities of both nurses and home health aides. Given the growing demand for home and community-based services, particularly with the more aggressive schedule of transitions under Money Follows the Person, greater flexibility – and capacity – in the workforce is vital.

The Governor's budget reflects savings of $5.1 million in FY 13, with annualized savings of $10.4 million. These figures assume 15% of medication administration visits will be billed to home health aides rather than nurses.

In addition to nurse delegation, the Governor is also proposing to allow agency-based personal care assistants to administer medications in the home. This change is consistent with PCAs that are used under the PCA waiver, where the care is self-directed with the consumer hiring and training the PCA. The Governor's budget includes savings of $400,000 in FY 13, with annualized savings of $800,000. These figures assume 1% of clients who use medication administration services will also use an agency-based PCA (coverage of agency-

based PCAs is limited to the home care waiver for elders). In order to implement this change, section 14 of this bill will need to be amended. We would propose adding language to the end of the section such as "Notwithstanding any provision of the general statutes, a personal care assistant employed by a homemaker-companion agency registered pursuant to section 20-671, and providing services to a competent adult who directs their own care and makes their own decisions pertaining to assessment, planning and evaluation, may administer medications at the direction of the competent adult."

In conclusion, Governor Malloy recognizes the need to move away from an over-reliance on institutional long-term care settings and to create a system that better supports consumers' informed choice. By aligning long-term services and supports with consumer choice and control, the state will not only improve the quality of life for Medicaid participants by providing options but also reduce unnecessary expenses and institutionalization.

I would note that this is consistent with section 2 of the bill, which shifts dental benefits from a provider-centered benefit model to a client-centered benefit model. Currently, a client can go to multiple dental providers and receive the same treatment from all locations, resulting in excessive and unnecessary services and costs. Similar to the person-centered medical home model, the use of a dental home model will (1) help to ensure the coordination of oral health services, (2) improve access to care, (3) reduce the over-utilization of services when clients seek treatment from multiple sources, and (4) result in overall savings due to more adequate preventive care and early diagnosis and treatment. The Governor's budget includes savings of $1.7 million in FY 13 as a result of this change.

I would again like to thank the committee for the opportunity to present this testimony. I respectfully request the Committee support this bill and I would be happy to answer any questions you may have on this section or any other sections of the bill.

Section-by-Section Explanation. Senate Bill No. 30 makes the following changes:

Sections 1 and 3. Technical Revisions to Hospital Payment Language. This bill implements two technical changes that are needed to comply with original intent:

1. Hospital Rate Payment Methodology. The language in subsection (g) of section 17b-239, which describes the methodology for determining each hospital's target amount per discharge, is now obsolete as it is superseded by section 17b-239e. This more recent language, which was adopted last session as a result of the conversion to an administrative services organization, authorizes the Department of Social Services (DSS) to establish a new rate payment methodology that is cost neutral to hospitals in the aggregate and ensures patient access. To avoid confusion and

ensure consistency in the interpretation of the statute, section 1 of the bill repeals subsection (g).

2. Disproportionate Share Hospital Payments. When the hospital user fee was adopted last session, the expectation was that – for both FY 12 and FY 13 – the user fee and the hospital payments would be based on the FFY 09 data from the Department of Public Health's Office of Health Care Access. Thus, the user fee and the hospital payments were to remain unchanged over the biennium. Section 3 of the bill amends the language from last session (codified under section 17b-239c) to ensure that interim hospital payments remain frozen at the FY 12 level through the biennium.

Section 2. Restructure Dental Benefits by Shifting to a Client-Centered Benefit Model. Currently, a client can go to multiple dental providers and receive the same treatment from all locations, resulting in excessive and unnecessary services and costs. This bill shifts dental benefits from this provider-centered benefit model to a client-centered benefit model. Similar to the person-centered medical home model, the use of a dental home model will (1) help to ensure the coordination of oral health services, (2) improve access to care, (3) reduce the over-utilization of services when clients seek treatment from multiple sources, and (4) result in overall savings due to more adequate preventive care and early diagnosis and treatment. Savings of $1.7 million in FY 13 are anticipated.

Sections 4 and 5. Reflect Decreased Costs for Community Living Arrangements and Intermediate Care Facilities. Language in PA 11-44 froze the rates in FY 12 and FY 13 for community living arrangements for the aged, blind and disabled and the state's private intermediate care facilities for the developmentally disabled. This language, however, did not include any provisions to accommodate rate decreases such as those that would occur when mortgages are paid off. This bill will allow the department to reduce rates for those facilities that experience a significant decrease in land and building costs. Savings of $5.2 million in FY 13 are anticipated.

Section 6. Freeze Rates for Certain Residential Service Providers. Since FY 09, rates have been frozen for residential service providers, such as community living arrangements and intermediate care facilities for the developmentally disabled that submit annual cost reports to the department. There are, however, several small residential care providers that do not submit annual cost reports to DSS and, as a result, they are not subject to the rate freeze. This bill ensures that the intended rate freeze is applied equally to all residential service providers, regardless of whether they submit annual cost reports to DSS. Savings of $149,000 in FY 13 are anticipated.

Section 7. Maximize Federal Medical Benefits under the U.S. Department of Veterans Affairs or Department of Defense. This bill requires Medicaid applicants / recipients, who could qualify for Veterans Benefits under the federal Department of Veterans Affairs (VA) or Department of Defense medical benefits, to apply for these benefits. The VA medical benefits package is available to all veterans who served honorably for two years in any branch of the military. Medicaid will wrap around these benefits to ensure that there is no reduction in medical benefits for these individuals. This proposal is consistent with federal

law, which requires that Medicaid be the payor of last resort and that other available sources, such as the VA, must be exhausted before services can be provided under Medicaid.

Sections 8 and 9. Expand the Private Pay Assisted Living Pilot. The Private Pay Assisted Living Pilot subsidizes the service costs for persons residing in participating private assisted living communities, who are eligible for the Connecticut Home Care Program for Elders. Currently, the pilot can serve a total of 75 individuals, who, after living in a private assisted living facility, have spent down their assets and now require help with their living expenses. This bill increases the number served under the program from 75 to 125. While costs are estimated at $860,000, it is assumed that – without this assistance – these individuals would spend down any remaining assets and that the majority of these individuals would enter a nursing facility, which would be covered under Medicaid at a greater cost to the state. For the purposes of the budget, it is assumed that any costs will be offset by savings to the Medicaid nursing facility budget.

Section 10. Expand Personal Care Assistance Services. To be eligible for services under the Personal Care Assistance (PCA) waiver, individuals must be between the ages of 18 and 64 at the time of application. When waiver participants reach the age of 65, they have the option to remain on the PCA waiver or to transition to the waiver under the Connecticut Home Care Program for Elders. Under this bill, individuals served under the PCA waiver who are 65 years of age or older will be transitioned to the waiver under the Connecticut Home Care Program for Elders beginning April 1, 2013. This change will allow additional clients to receive waiver service, thereby reducing the waitlist for program services under the PCA waiver. Costs of $600,000 are anticipated in FY 13.

Section 11. Revise the Administrative Structure for the Bureau of Rehabilitative Services. This section of the bill removes the requirement that the Bureau of Rehabilitative Services (BRS) be under the Department of Social Services for administrative purposes only. The bill also provides BRS with the authority to request administrative support from DSS for up to one year. Funding of $118,000 in FY 13 is transferred to BRS.

Sections 12 and 13. Reallocate Various Child Care Programs and Quality Enhancement Funding. The Governor's budget reallocates before and after school programs and quality enhancement funding for child care providers from DSS to the State Department of Education (SDE). Section 12 of the bill eliminates DSS as the lead agency for developing and implementing quality enhancement grants for child care providers while section 13 reflects the transfer of responsibilities to SDE for the administration of before and after school child care programs. Funding of $3.2 million in FY 13 is transferred to SDE.

Section 14. Expand Nurse Delegation for Medication Administration. This bill requires that home health care agencies have specially trained and qualified home health aides to administer oral and topical medications and eye drops. Nurses will still be required to administer injections as well as medications identified by the client's physician as needing to be administered by licensed providers. Nurses will also be responsible for organizing the medications for the

home health aides and providing individualized instructions to the aides for the administration of the medications in the client's home. While the cost of medication administration is not the only cost driver, it is one of the primary cost drivers and one of the primary barriers to community placement. By providing less costly administration of medications through nurse delegation, more individuals will have the choice of transitioning to (or remaining in) the community. While the Medicaid program will realize savings due to reduced reliance on nurse administration of medications, funds are provided for training and other implementation costs. Savings of $5.1 million in FY 13 are anticipated.

Section 15. Repeal Certain Statutory Language. This section of the bill implements the following provisions included in the Governor's budget:

1. Eliminate Funding for Jobs First Employment Services Pilot Program (section 17b-112k). This bill eliminates funding for this Jobs First Employment Services pilot program which has not yet begun. Savings of $150,000 in FY 13 are anticipated.
2. Technical Revision – Delete References to Transportation to Work Pilot Program (section 17b-688j). The Governor's budget consolidates all funding for the Transportation to Work program under the Department of Transportation. This bill repeals language that established a two-year pilot program in DSS pursuant to PA 98-169.
3. Technical Revision – Delete References to Rate Setting for Long-Term Acute Care Hospitals (section 19a-617c). There is only one long-term acute care hospital operating in the state and it is paid at the higher chronic disease hospital rate. Thus, the reference to the hospital rate floor language is no longer relevant and the section is repealed.